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## BUDGET UNIT BRIEF – FY 2020

Fiscal Services Division

July 22, 2019



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

## Strategic Reserve Fund — College Student Aid Commission

### Background

The Strategic Reserve Fund was originally created as the Stafford Loan Program (GSL) Fund when the College Student Aid Commission was Iowa's guaranty agency for federal student aid programs under the federal [Higher Education Act of 1965](#). The Fund, referred to as the operating account, used to offer default aversion and loan rehabilitation services to Iowans under the Guaranteed Student Loan Program (GSL), later known as the Federal Family Education Loan Program (FFELP). The Commission retained revenue from those collection activities and used the revenue to subsidize the cost of administering State-funded student aid programs.

After the FFELP was eliminated on July 1, 2010, the Commission continued to service the agency's portfolio of outstanding federal student loan debt and to use the resulting revenue for administrative costs.

On October 1, 2012, the Commission transferred the FFELP portfolio to Great Lakes Higher Education Guaranty Corporation. The portfolio was valued at \$2.400 billion at the time of the transfer. Under a 10-year agreement with Great Lakes, the Commission receives a portion of annual net collection revenues from the portfolio, an amount anticipated to decline as loans are discharged and the portfolio balance declines. After the transfer, the Commission reduced staff, eliminating 10.0 full-time equivalent (FTE) positions that had worked directly with the FFELP portfolio.

### Sources of Revenue

The moneys in the Fund do not revert to the General Fund. Federal moneys in the Fund are restricted and must be used to support student aid programs. This includes revenue from Great Lakes, AmeriCorps, the GEAR UP initiative, and the John R. Justice Loan Repayment Program for state public defenders and state prosecutors.

The Fund also receives revenue from Postsecondary Registration fees and from collections on the Partnership Loan portfolio, which is being serviced by the Department of Revenue on behalf of the Commission. Interest earned on the Fund balance is also deposited to the Fund.

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### More Information

Great Lakes Higher Education Guaranty Corporation: [home.mygreatlakes.org/](http://home.mygreatlakes.org/)

GEAR UP Iowa: [gearupiowa.gov/](http://gearupiowa.gov/)

AmeriCorps: [www.nationalservice.gov/programs/ameri-corps](http://www.nationalservice.gov/programs/ameri-corps)

John R. Justice Loan Repayment Program: [www.bja.gov/ProgramDetails.aspx?Program\\_ID=65](http://www.bja.gov/ProgramDetails.aspx?Program_ID=65)

Higher Education Data Center: [www.iowacollegeaid.gov/DataCenter](http://www.iowacollegeaid.gov/DataCenter)

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**Expenditures from the Fund**

Expenditures from the Fund include payments to individuals under the John R. Justice Loan Repayment Program, GEAR UP subgrants to schools, and subgrants as part of the Commission's Community Engagement efforts. Administrative costs related to these programs are also paid from the Fund.

**Expenditures for Agency Administration**

In addition to the expenditures noted above, the Commission also uses moneys in the Strategic Reserve Fund to cover general administrative costs beyond the amount appropriated annually by the Legislature for administration. This includes payments for the services of other State agencies, including the Attorney General's Office, the State Auditor, the Office of the Chief Information Officer, the Department of Management, and the Department of Administrative Services.

**Related Statutes and Administrative Rules**

Iowa Code sections [261.35](#), [261.36](#), [261.37](#), [261.38](#)

Iowa Administrative Code [283—37](#)

**Budget Unit Number**

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